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**ABROM KAPLAN MEMORIAL HOSPITAL
EMPLOYEE BENEFIT PLAN**

Kaplan, Louisiana

Financial Report

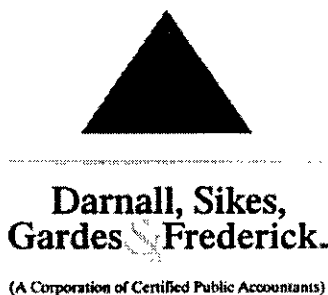
Years Ended September 30, 2005 and 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-8-06

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Abrom Kaplan Memorial Hospital
Employee Benefit Plan
Kaplan, Louisiana

We have audited the accompanying statements of net assets available for benefits and of plan benefit obligations of the Abrom Kaplan Memorial Hospital Employee Benefit Plan as of September 30, 2005 and 2004, and the related statements of changes in net assets available for benefits and of changes in plan benefit obligations for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan, as of September 30, 2005 and 2004, and the changes in its financial status for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance *with Government Auditing Standards*, we have also issued a report dated December 16, 2005, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grants and contracts.

The Plan has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
December 16, 2005

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Statements of Net Assets Available for Benefits
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash	\$ 27,942	\$ 27,942
Prepaid claims	<u>111,265</u>	<u>70,000</u>
Net assets available for benefits	<u>\$ 139,207</u>	<u>\$ 97,942</u>

The accompanying notes are an integral part of the financial statements.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Statements of Changes in Net Assets Available for Benefits
Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions to net assets attributed to:		
Contributions		
Plan sponsor	\$ 333,555	\$ 276,395
Participants	<u>78,676</u>	<u>71,684</u>
Total additions	<u>412,231</u>	<u>348,079</u>
Deductions from net assets attributed to:		
Health care benefits paid to participants	152,189	91,503
Insurance premiums paid for stop loss coverage	159,937	135,185
Administrative expense	<u>58,840</u>	<u>51,391</u>
Total deductions	<u>370,966</u>	<u>278,079</u>
Net increase during year	41,265	70,000
Net assets available for benefits:		
Beginning of year	<u>97,942</u>	<u>27,942</u>
End of year	<u>\$ 139,207</u>	<u>\$ 97,942</u>

The accompanying notes are an integral part of the financial statements.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Statements of Plan's Benefit Obligations
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Amounts currently payable to or for participants and dependents:		
Health claims payable	\$ 19,816	\$ 16,599
Other obligations for current benefit coverage:		
Claims incurred but not reported	<u>20,547</u>	<u>22,876</u>
Plan's total benefit obligations	<u>\$ 40,363</u>	<u>\$ 39,475</u>

The accompanying notes are an integral part of the financial statements.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Statements of Changes in Plan's Benefit Obligations
Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Amounts currently payable to or for participants and dependents:		
Balance, beginning of year	\$ 16,599	\$ 11,128
Claims reported and approved for payment	155,406	96,975
Claims paid	<u>(152,189)</u>	<u>(91,504)</u>
Balance, end of year	<u>19,816</u>	<u>16,599</u>
Other obligations for current benefit coverage:		
Balance, beginning of year	22,876	31,118
Net change during year for claims incurred but not reported	<u>(2,329)</u>	<u>(8,242)</u>
Balance, end of year	<u>20,547</u>	<u>22,876</u>
Plan's total benefit obligations at end of year	<u>\$ 40,363</u>	<u>\$ 39,475</u>

The accompanying notes are an integral part of the financial statements.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Notes to Financial Statements

NOTE 1 DESCRIPTION OF PLAN

The following description of the Abrom Kaplan Memorial Hospital Employee Benefit Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan provides health benefits covering substantially all active employees (participants) of Hospital Services District No. 1, Parish of Vermilion, d/b/a Abrom Kaplan Memorial Hospital (Plan Sponsor).

Benefits

The Plan provides health benefits to the plan sponsor's full-time employees (working at least 35 hours per week) and their covered dependents and for part-time employees who work at least 24 hours per week or 288 hours per 3 month period.

Health claims of participants and dependents are processed by Great-West Healthcare (Plan Administrator), but the responsibility for payments to participants and providers is retained by the Plan.

Contributions

Participants contribute specified amounts determined periodically by the Plan Sponsor.

Administrative Expenses

The Plan's administrative expenses are partially absorbed by the Plan Sponsor.

Other

Although it has not expressed any intention to do so, the Plan Sponsor has the right under the Plan to modify the benefits provided to active employees, to discontinue its contributions at any time, and to terminate the Plan.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Notes to Financial Statements

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting

GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures* which establish financial reporting standards for state and local governments. These statements establish that the financial statements should consist of management's discussion and analysis (MD&A) to provide an analytical overview of the entity's financial activities, basic financial statements, and required supplementary information (RSI) as required by other GASB statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Plan Benefits

Plan liabilities for health claims incurred but not reported as of September 30, 2005 and 2004 are based upon estimates developed by the Plan Administrator.

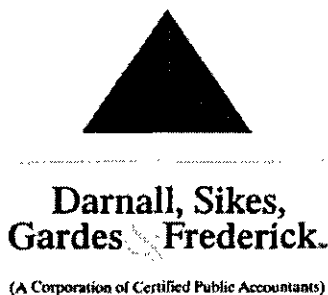
Income Taxes

The Plan has been ruled exempt from federal and state income taxes, therefore, no provision for income taxes is necessary.

NOTE 3 BENEFIT OBLIGATIONS

Health costs incurred by participants and dependents are partially covered by "stop loss" insurance contract maintained by the Plan. Under the contract the Plan's net claim limit per covered person is \$20,000 and the maximum limit of liability for all covered persons is \$1,000,000.

INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
Abrom Kaplan Memorial Hospital
Employee Benefit Plan
Kaplan, Louisiana

We have audited the financial statements of Abrom Kaplan Memorial Hospital Employee Benefit Plan, as of and for the year ended September 30, 2005, and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

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level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, Board of Trustees and others within the organization and is not intended to and should not be used by anyone other than these specified parties.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

December 16, 2005

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Schedule of Prior Year Findings
Year Ended September 30, 2005

There were no prior year findings.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Plan's financial statements as of and for the year ended September 30, 2005.

Reportable Conditions – Financial Reporting

There were no reportable conditions in internal control noted during the audit of the financial statements.

Material Noncompliance – Financial reporting

There were no instances of material noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended September 30, 2005.

MANAGEMENT LETTER

This section is not applicable for the year ended September 30, 2005.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the year ended September 30, 2005.

Part III Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended September 30, 2005.

ABROM KAPLAN MEMORIAL HOSPITAL EMPLOYEE BENEFIT PLAN

Management Corrective Action Plan
Year Ended September 30, 2005

This section is not applicable.